

COMMONWEALTH OF VIRGINIA
STATE CORPORATION COMMISSION

AT RICHMOND, JANUARY 26, 2007

APPLICATION OF

2007 JAN 26 PM 3:30

MASSANUTTEN PUBLIC SERVICE
CORPORATION

CASE NO. PUE-2006-00126

For an increase in water
and sewer rates

ORDER FOR NOTICE AND HEARING

On December 20, 2006, Massanutten Public Service Corporation ("Massanutten" or the "Company") filed an application with the State Corporation Commission ("Commission") for a general increase in water and sewer rates, together with certain schedules to the application filed under seal, pursuant to 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure. The application was deemed complete as of the date of filing. According to the application, Massanutten has applied for general increases in its water and sewer rates pursuant to Chapter 10 of Title 56 of the Code of Virginia ("Code"), 20 VAC 5-200-30 of the Commission's Rules Governing Utility Rate Increase Applications and Annual Informational Filings ("Rate Case Rules"), and 5 VAC 5-20-80 of the Commission's Rules of Practice and Procedure. The Company seeks a rate increase that would produce additional annual revenues of \$824,300, consisting of \$335,300 in additional water revenues and \$489,000 in additional sewer revenues, representing an overall revenue increase of approximately 64% above per book test year revenues. The proposed increase is approximately 59% for water rates and 67% for sewer rates. The Company proposes no change in rate design, and requests that its proposed rate increase be allowed to go into effect on May 19, 2007.

NOW THE COMMISSION, having considered the application with accompanying schedules, testimony and exhibits, finds that this application for a general increase in water and sewer rates should be docketed and that, as required by §§ 56-237 and 56-237.1 of the Code,

notice of the application should be given. The Commission further finds that a public hearing on the lawfulness of the proposed rates should be held. We will assign a hearing examiner to conduct the hearing and to file a report with the Commission. We will also direct the Commission Staff to investigate the application and present its findings at the hearing. The Commission will also provide an opportunity for participation and representation of persons affected by the proposed changes in rates.

Pursuant to §§ 56-237 and 56-240 of the Code, we will permit the Company to place its proposed rates into effect, subject to refund, on May 19, 2007. The proposed rates shall take effect subject to the power of the Commission to fix and to substitute just and reasonable rates and to order the utility to make refunds with interest.

Accordingly, IT IS ORDERED THAT:

(1) Massanutten's application shall be docketed as Case No. PUE-2006-00126 and all associated papers shall be filed in that docket, subject to the confidentiality provisions afforded by 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure.

(2) As provided by §§ 56-237 and 56-240 of the Code, Massanutten's proposed increase in rates may take effect on May 19, 2007, subject to the Commission's power to fix and order substituted just and reasonable rates, charges, terms, and conditions, and to order refunds or credits with interest.

(3) Within thirty (30) days of the date of this Order, the Company shall file with the Commission's Division of Energy Regulation appropriate replacement tariff sheets showing all proposed changes for all schedules, and terms and conditions permitted to take effect as provided by Ordering Paragraph (2) above. The following caption shall appear at the foot of each sheet showing any change: "Effective May 19, 2007, subject to investigation and modification by the Virginia State Corporation Commission in Case No. PUE-2006-00126."

(4) A public hearing shall be held at 10:00 a.m. on May 30, 2007, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, to receive evidence on the application for a general increase in rates.

(5) As provided by § 12.1-31 of the Code and 5 VAC 5-20-120 of the Commission's Rules of Practice and Procedure, *Procedure before hearing examiners*, a hearing examiner shall be appointed to conduct all further proceedings in this matter on behalf of the Commission and to file a final report.

(6) Massanutten's application and accompanying materials not subject to the confidentiality provisions of 5 VAC 5-20-170 of the Commission's Rules of Practice and Procedure may be viewed during regular business hours at the Commission's Document Control Center, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Interested persons may also access unofficial copies of the application through the Commission's Docket Search portal at <http://www.scc.virginia.gov/caseinfo.htm>. A copy of the application and accompanying materials may also be obtained, at no cost, by making a request in writing to counsel for the Applicant, Donald G. Owens, Esquire, Troutman Sanders LLP, P.O. Box 1122, Richmond, Virginia 23218. The Applicant shall make a copy available on an electronic basis upon request.

(7) On or before February 23, 2007, Massanutten may file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of any additional testimony and exhibits by which it expects to establish its case.

(8) On or before March 23, 2007, any person who expects to participate as a respondent in this proceeding shall file with the Clerk at the address set out in Ordering Paragraph (6) an original and fifteen (15) copies of a notice of participation as a respondent, as required by 5 VAC

5-20-80 B of the Commission's Rules of Practice and Procedure, *Participation as a respondent*, and shall serve a copy on counsel to Massanutten, Donald G. Owens, Esquire, Troutman Sanders LLP, P.O. Box 1122, Richmond, Virginia 23218, and on Commission Staff counsel, Don R. Mueller, Office of General Counsel, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23218-1197. The notice of participation shall be filed and served as required by 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure. Any organization, corporation, or government entity participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30 of the Commission's Rules of Practice and Procedure, *Counsel*.

(9) Within five (5) business days of receipt of a notice of participation as a respondent, Massanutten shall serve upon each respondent a copy of this Order, a copy of the application, and all nonconfidential materials filed with the Commission, unless these materials have already been provided to the respondent.

(10) On or before March 23, 2007, each respondent shall file with the Clerk an original and fifteen (15) copies of the testimony and exhibits by which it expects to establish its case and shall serve a copy of the testimony and exhibits on counsel to Massanutten and on all other parties. Respondents shall comply with 5 VAC 5-20-140, *Filing and service*, 5 VAC 5-20-150, *Copies and format*, and 5 VAC 5-20-240, *Prepared testimony and exhibits*, of the Commission's Rules of Practice and Procedure.

(11) Interested persons may file written comments on the application with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE-2006-00126 and should be filed by March 23, 2007. Those desiring to submit comments electronically may do so by following

the instructions available at the Commission's website:

<http://www.scc.virginia.gov/caseinfo.htm>.

(12) The Commission Staff shall investigate the application and, on or before April 19, 2007, shall file with the Clerk of the Commission the testimony and exhibits that it intends to present at the hearing and copies of any workpapers that support the recommendations made in its testimony. Copies of the testimony and exhibits shall be served on all parties.

(13) On or before May 9, 2007, Massanutten may file with the Clerk an original and fifteen (15) copies of all testimony and exhibits that it expects to offer in rebuttal to testimony and exhibits of the respondents and the Commission Staff and shall serve one copy on all parties.

(14) Rule 5 VAC 5-20-260 of the Commission's Rules of Practice and Procedure, *Interrogatories to parties or requests for production of documents and things*, shall be modified for this proceeding as follows: (i) answers and objections shall be served within twelve calendar (12) days after receipt of interrogatories, counting weekends and holidays; (ii) motions on the validity of any objections raised in response to any interrogatories or requests for production of documents and things shall be filed within four (4) business days of receipt of the objection; and (iii) answers, objections, and motions on the validity of objections shall be served by 3:00 p.m. on the date due, unless the Staff or party upon whom service must be made agrees in advance to other arrangements.

(15) On or before February 23, 2007, Massanutten shall serve by first-class mail a copy of this Order on all officials previously served as required by 20 VAC 5-200-30 H of the Commission's Rate Case Rules.

(16) On or before February 23, 2007, Massanutten shall make available for inspection copies of the application and this Order at the following office during regular business hours, Monday through Friday:

Massanutten Public Service Corporation
1550 Resort Drive
McGaheysville, Virginia 22840

(17) Massanutten shall publish as display advertising the following notice once a week for two consecutive weeks in a newspaper or newspapers of general circulation in Rockingham County, Virginia. Publication shall be completed by March 2, 2007.

NOTICE TO CUSTOMERS OF
MASSANUTTEN PUBLIC SERVICE CORPORATION
OF A GENERAL INCREASE IN WATER AND SEWER RATES
CASE NO. PUE-2006-00126

Massanutten Public Service Corporation ("Massanutten" or "Company") has filed with the Virginia State Corporation Commission ("Commission") an application for a general increase in water and sewer rates. The application has been docketed as Case No. PUE-2006-00126. The Company is seeking additional annual jurisdictional revenues of \$824,300, consisting of additional annual water revenues of \$335,300, and additional annual sewer revenues of \$489,000. This amount would represent an overall increase in annual revenues of approximately 64 percent.

The proposed rates follow:

<u>Water</u>		
	Proposed	Present
Base charge (first 6000 gallons)	\$ 28.00	\$ 18.01
Usage charge (per 1000 gallons above 6000 gallons)	\$ 4.67	\$ 2.01
<u>Sewer</u>		
	Proposed	Present
Base charge	\$ 41.29	\$ 25.02

The commercial sewer rate would remain at 135% of the water charge.

While the total revenue that may be approved by the Commission is limited to the amount produced by the Company's proposed rates, PLEASE TAKE NOTICE that the individual rates and charges approved may be either higher than or lower than those proposed by the Company.

The proposed rates shall take effect for service rendered on and after May 19, 2007. The proposed rates shall take effect subject to the power of the Commission to fix and to substitute just and reasonable rates and to order the utility to make refunds or give credits with interest.

The application and related filings may be inspected in the Document Control Center, Office of the Clerk, First Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia, between 8:15 a.m. and 5:00 p.m. on Commission business days. The application may also be inspected during regular business hours at the Massanutten's business office located at 1550 Resort Drive, McGaheysville, Virginia. Interested persons may also access unofficial copies of the application through the Commission's Docket Search portal at <http://www.scc.virginia.gov/caseinfo.htm>. A copy of the application and accompanying materials may also be obtained, at no cost, by making a request in writing to counsel for the Company, Donald G. Owens, Esquire, Troutman Sanders LLP, P.O. Box 1122, Richmond, Virginia 23218. The Company will also make a copy available on an electronic basis upon request.

The State Corporation Commission has ordered its Staff to investigate the application and has established procedures for interested persons to participate or be represented in the proceeding. A hearing will be held on the application beginning at 10:00 a.m. on May 30, 2007, in the Commission's Courtroom, Second Floor, Tyler Building, 1300 East Main Street, Richmond, Virginia. Individuals with disabilities who require an accommodation to participate in the hearing should contact the Commission at least seven (7) days before the scheduled hearing date at 1-800-552-7945 (voice) or 1-804-371-9206 (TDD).

Interested persons may file written comments on the application with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118. Comments should refer to Case No. PUE-2006-00126 and should be filed by March 23, 2007. Those desiring to submit comments electronically may do so by following the instructions available at the Commission's website: <http://www.scc.virginia.gov/caseinfo.htm>

Any interested person may participate as a public witness at the hearing on May 30, 2007. Interested persons should arrive at the Commission's Courtroom by 9:45 a.m. and tell the Commission's Bailiff that they wish to be a public witness.

On or before March 23, 2007, any person who expects to present evidence, to cross-examine witnesses, and to otherwise participate as a respondent in this proceeding, as provided by 5 VAC 5-20-80 B of the Commission's Rules of Practice and Procedure, *Participation as a respondent*, shall file with the Clerk, State Corporation Commission, c/o Document Control Center, P.O. Box 2118, Richmond, Virginia 23218-2118, an original and fifteen (15) copies of a notice of participation as a respondent and an original and fifteen (15) copies of the testimony and exhibits by which the respondent expects to establish its case. Copies of a respondent's notice of participation, testimony and exhibits shall be served on counsel to Massanutten, Donald G. Owens, Esquire, Troutman Sanders LLP, P.O. Box 1122, Richmond, Virginia 23218, and on Commission Staff counsel, Don R. Mueller, Esquire, Office of General Counsel, State Corporation Commission, P.O. Box 1197, Richmond, Virginia 23219-1197. The notice of participation shall be filed and served as required by Rules 5 VAC 5-20-140, *Filing and service*, and 5 VAC 5-20-150, *Copies and format*, of the Commission's Rules of Practice and Procedure. Any organization, corporation, or government entity participating as a respondent must be represented by counsel as required by 5 VAC 5-20-30 of the Commission's Rules of Practice and Procedure, *Counsel*.

The unofficial text of the State Corporation Commission's orders in Case No. PUE-2006-00126 may be viewed at <http://www.scc.virginia.gov/caseinfo.htm>. The Commission's Rules of Practice and Procedure and other information may also be viewed at <http://www.scc.virginia.gov/caseinfo.htm>.

MASSANUTTEN PUBLIC SERVICE CORPORATION

(18) Massanutten shall include once as a bill insert for its customers the text of the public notice prescribed in Ordering Paragraph (17). Including the bill insert shall commence as soon as practicable and shall continue until all customers have received the insert.

(19) On or before March 16, 2007, Massanutten shall file with the Clerk proof of the posting, mailing and publication required by Ordering Paragraphs (15), (17) and (18).

AN ATTESTED COPY hereof shall be sent by the Clerk of the Commission to:

Donald G. Owens, Esquire, Troutman Sanders LLP, P.O. Box 1122, Richmond, Virginia 23218;
C. Meade Browder, Jr., Senior Assistant Attorney General, Division of Consumer Counsel,

office of Attorney General, 900 East Main Street, Second Floor, Richmond, Virginia 23219; and the Commission's Office of General Counsel and Divisions of Energy Regulation, Economics and Finance, and Public Utility Accounting.